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RUEHRG/AMCONSUL RECIFE IMMEDIATE 8450
RUEHRI/AMCONSUL RIO DE JANEIRO IMMEDIATE 6600
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C O N F I D E N T I A L SECTION 01 OF 03 BRASILIA 001226

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SUBJECT: WHAT TO DO ABOUT BOLIVIA? BRAZIL'S PRESIDENCY,
FOREIGN MINISTRY WONDER

REF: A. KUBISKE-MCMULLEN 9/11 TELCON

[1](#)B. BRASILIA 01224

[1](#)C. STATE 97316

Classified By: Deputy Chief of Mission Lisa Kubiske. Reasons: 1.4 (b)
and (d).

SUMMARY: Ambassador Marcel Biato, Chief of Staff to Brazilian presidential foreign policy advisor Marco Aurelio Garcia, told the DCM September 11 that Brazil is engaged in seeking a solution to the latest crisis in Bolivia. President Lula had offered to foster dialogue to help stabilize the situation but had been rebuffed by Morales, as had GOB overtures to the opposition. Biato said Brazil is sympathetic to the Bolivian Government's legitimate attempts to regain control over its territory and believes that it wants to avoid bloodshed. The GOB hopes that the USG and others will steer clear of actions and statements that harden the postures of the players and their supporters in the hemisphere. Ministry of External Relations (MRE) South America Division head Joao Pereira Pinto reiterated September 12 the GOB's desire to facilitate dialogue, but indicated it has not yet decided on the best mechanism for doing so. Pereira noted Brazil's intent to send a high-level delegation to Bolivia at the appropriate time, and said the GOB was coordinating its response with Argentina and Colombia. Pereira agreed that Venezuelan President Hugo Chavez, like Bolivian President Evo Morales, was using the expulsion of U.S. ambassadors and accusations of conspiracies as a "tactic" to distract from domestic woes. He suggested that the energy problems created by the temporary cut-off of some gas to Brazil were not serious and would be resolved within days. The GOB sees the situation as a domestic political problem in which neither side is willing to negotiate, and sees eventual dialogue as the key to a solution, but it has yet to find a way forward toward achieving that goal. Although worried by the situation, the GOB is for the time being coordinating behind the scenes with other regional actors. END SUMMARY.

FROM THE OFFICE OF THE PRESIDENT

12. (C) The DCM met with Amb. Biato on September 11 to discuss the situation in Bolivia. Biato said that Brazil is concerned about the situation and has engaged. Lula had called Evo Morales that afternoon, offering to help foster dialogue to help stabilize the situation. They did not discuss natural gas during the conversation, Brazil's main economic interest, however. He said Lula had offered the help of the Friends of Bolivia group (Brazil, Argentina, and Colombia), but Morales did not accept. (NOTE: According to press reports, Marco Aurelio Garcia and MRE Secretary General (Vice Minister) are on standby and prepared to depart for Bolivia as soon as Morales gives permission. END NOTE.) According to Biato, the GOB has also tried to speak with the prefects of the opposition departments, but to date they have declined. The GOB has not offered any other kind of assistance.

13. (C) Biato told the DCM that Brazil sees the problem as a domestic political issue, in which neither side is willing to negotiate with the other right now. The solution needs to be political dialogue and restoration of the rule of law, not use of force. The Brazilian government is sympathetic to the Bolivian government's legitimate attempts to regain control over its territory, he said. The GOB also believes that the Bolivian government wants to avoid serious bloodshed; it did not want a repeat of the Sanchez Lozada episode in which many people were killed and the government was toppled. The GOB does not presently predict a catastrophic scenario ahead, he

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added, but it worries that the Bolivian government may be weakening and wonders if the military and police (especially the police) will be up to the task of protecting public institutions and energy facilities.

14. (C) The DCM laid out the USG's position, stating that we saw serious implications for our bilateral relationship with Bolivia, for the regional fight against narcotrafficking, and for regional security. She noted also that Morales' unwarranted action of declaring Ambassador Goldberg persona non grata was a case of extremely poor timing, as it occurred just ahead of our drug certification decision -- a decision that had been controversial and difficult in recent years. The outlook for ATPDEA could also be complicated by Morales' action, she added. Biato appeared to take careful note of this, asking when the certification decision would be made, for example.

15. (C) The GOB hopes that USG and others will steer clear of actions and statements that harden the postures of any of the players or their supporters in the hemisphere, Biato stated. He also noted that in its own public statements, the GOB has avoided making accusations of "terrorist acts," instead describing them as "acts of vandalism." (NOTE: The GOB's public statement on the situation in Bolivia calls for respect for constitutional government, condemnation of actions of violence, and a call for dialogue towards a negotiated and sustainable solution. Full text is available at mre.gov.br. END NOTE.) The GOB urged us to continue "strategic patience" while acknowledging that the Bolivian government accusations against Ambassador Goldberg are without foundation, Biato said. "False dichotomies" (South American political alignments) could result from politicizing the rhetoric, he warned.

16. (C) Addressing industry concerns about the disruption in gas supplies caused by damage to the pipeline in Bolivia, Biato characterized the current situation as "worrisome but not grave for Brazil." Subsequent discussions with energy sector contacts indicate that Brazil can continue for some time (many weeks) with the 10 percent shortfall in Bolivian supply of natural gas to Brazil through a variety of contingency plans (Ref B), including use of alternative types of energy. A shortfall of 50 percent in Bolivian supply of

natural gas to Brazil would be serious; at this level of shortfall, the main cost for Brazil would be economic higher energy costs raising prices more broadly in the economy.

THE VIEW FROM ITAMARATY

17. (C) The Political Counselor and Deputy Political Counselor met September 12 with MRE (AKA "Itamaraty") Director of South American Department I, Minister Joao Pereira Pinto. Pereira, whose section is responsible for bilateral relations with the MERCOSUL countries and Bolivia, said that Brazil was trying to promote dialogue between the government and the opposition prefects, but lamented that at the moment both sides "lack the ability and the willingness to engage in dialogue." He said that although the GOB had tried to talk to the opposition, the Morales government wanted Brazil to talk to it only. Both sides had come out of the August 10 referendum with indications of popular support for their respective positions and considered themselves "winners." This only hardened their positions and made them less willing to talk, he added. He also mentioned that dialogue was made more difficult by the underlying racial divisions between the two parties and possible linguistic difficulties which could contribute to misunderstandings.

18. (C) Pereira said the GOB saw the need to lower the level of confrontation between the two sides, and speculated that

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to do so it needed to "speak frankly" with the politicians on both sides. He said the GOB was coordinating with Argentina and Colombia but, in response to the PolCounselor's statement that the USG was considering the possibility of addressing the situation at an OAS meeting and would be looking to Brazil for possible assistance should that occur, Pereira said that Brazil did not "know about the OAS yet." He added that, "It's always a possibility as a way to facilitate dialogue," but noted that former Argentine Foreign Minister Dante Caputo wanted to go to Bolivia with a group but had been told by the Morales government not to come. (NOTE: According to press reports, President Lula has spoken with Cristina Kirchner and Hugo Chavez about the situation, and the GOB is coordinating with its Friends of Bolivia partners, Colombia and Argentina. END NOTE.)

19. (C) PolCounselor noted that Venezuelan President Chavez had announced the expulsion of the U.S. Ambassador. Pereira indicated he gave no credence to either Chavez's or Morales' accusations, but saw them as tactics aimed at distracting from internal problems. Pereira likened Chavez to an unruly schoolboy who is popular only because his antics create problems for the teacher. Commenting on Venezuela's involvement in Bolivia, Pereira said that "Morales has to deal with Chavez carefully," as there is a great deal of anti-Chavez sentiment in Bolivia. The PolCounselor took the opportunity to inform Pereira that the USG would be publicly announcing the addition of three high ranking Venezuelan officials to its list of drug kingpins (ref C). Pereira said that would definitely complicate matters and wondered if there were not some way to adjust or postpone the announcement. The PolCounselor told him there was not, but assured him that the timing of the announcement was purely coincidental as it had been in the works well before the current situation flared up. Pereira said he would pass the information on to his colleague responsible for relations with Venezuela.

110. (C) Discussing the events of the last few days in Bolivia, Pereira downplayed the significance of the gas pipeline cut-off. He echoed official GOB statements that the first incident involving damage to the pipeline had been an act of vandalism. He said the second incident was still being investigated, and speculated that it may have been caused by Petrobras increasing the level of pressure in the

pipeline to push a greater volume of gas through to make up for the previous interruption in supply. Whatever the cause of the problem, he noted the second problem had been fixed by 3 PM on September 11 and that the first should be repaired within the next few days.

¶11. (C) COMMENT: The GOB recognizes the potential for the situation in Bolivia to deteriorate into a grave political crisis, which could have extremely negative consequences for Brazil (including emigration to Brazil, lost investments, and ruptured political relations). However, the GOB sees the current situation in Bolivia as a domestic political problem resulting from the fact that neither side is willing to negotiate, and appears to be at a loss for the moment on how best to proceed. The GOB firmly believes that the best way to deal with the crisis is through dialogue between the Morales Government and the opposition prefects. The GOB is willing to help facilitate such dialogue, but its offers have been rebuffed. At present, the GOB does not believe the situation will degenerate into a grave political crisis. So, although worried by the situation and eager to facilitate a solution, the GOB is for the time being coordinating behind the scenes with other regional actors. END COMMENT.
SOBEL